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Atari Online News, Etc.  
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->From the Editor's Keyboard  
"~~~~~"

"Saying it like it is!"

Well, the AOL, Time Warner deal is now official. I have to admit that I'm astounded by it all. No, not that the deal was approved, but the fact that an internet company would grow that fast, get that huge to be able to buy such a company as Time Warner. The computer business has certainly grown since I started using them in the late 80's!

And look how much computers and the internet is affecting us. They are forcing us to change the way we look at things. One of Americans' rights to free speech has recently come up again due to the internet. Will our interpretations of that right, and others, be challenged anew?

What made me think of this was the recent new of France trying to stop the sale of Nazi souvenirs on Yahoo. France was successful - whether Yahoo decided to do so on its own or knuckled under pressure - who cares. However, as mentioned in an article later in this issue, Yahoo has decided that the selling of Nazi stamps and coins will remain.

What's the difference? Souvenirs, propaganda, books, stamps, coins, etc.; it's all Nazi-related. I collect stamps, including Germany issues. I have Nazi-topicals. I'm also Jewish. Am I offended by these stamps? No. Should they be banned from online sales? No. What about all of the other items? Again, I say let them be sold. Would I be offended seeing Nazi propaganda items being sold - something that could perpetuate Nazism? Yes. However, I also believe in free speech - whether it's on the street corner or online. I don't have to like what you have to say, but I believe you have the right to say it. And I expect the same.

So, the internet is just another form of media used to express old (and new) ideas. We'll have to learn to accept it. Down off of my soapbox.

Until next time...

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ASMA 1.8 (Pokey Music Archive)

The Atari SAP Music Archive (ASMA) is the greatest collection of Atari Pokey Music in the net, it is always updated, constantly being corrected and worked over and has now reached version 1.8.

The original archive requires a file system that can handle long filenames, however, Paranoia offers the 1.6 archive plus 2 update packages to 1.7 and 1.8 renamed to 8+3 filenames.

The original ASMA can be obtained at <http://asma.dspsaudio.com>

The 8+3 ASMA can be obtained at <http://paranoia.atari.org>

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PEOPLE ARE TALKING  
compiled by Joe Mirando  
[jmirando@portone.com](mailto:jmirando@portone.com)

Hidi ho friends and neighbors. Yep, another week has come and gone.... Two down, fifty to go. The weather here in the northeast has been sort of a mixed bag so far. Unseasonably cold, unseasonably warm, rain, snow, wind... all the stuff that gives weather forecasters grey hair.

I'm one of those rare ducks that actually LIKES the cold. There's something about the cold, crisp air that I find comforting. I can't really explain why, but that's the way it is. I know, I know, it just ain't normal. What can I say? That's me.

Heck, if I WAS normal, I probably wouldn't have bought that first 1040. And I certainly wouldn't STILL be using the TT. So not being normal doesn't have to be a bad thing. No one is getting hurt by my choices (Other than Mr. Gates, of course. And I doubt that he'll miss the few pennies that I'd add to his coffers), and I've met dozens... possibly hundreds of people that have made at least some of the same choices that I have. Many of them have become good friends. There is very little chance that I would have met any of these folks had I not one day decided to buy that 1040 instead of an IBM computer.

And then there is this little magazine of ours. Devoting the time to put together a publication like this every week certainly isn't a "normal" thing to do. But I enjoy the heck out of it, and I find that I learn something new almost every week. Now THAT'S a bargain.

Well, let's get to the news and stuff from the UseNet.

From the comp.sys.atari.st NewsGroup  
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Andy Ball asks about networking a MegaSTE:

"I notice in some specs for the TT, MegaSTE and Falcon that they have a 'LocalTalk compatible' serial network port. Was there ever software support for that port that would enable one to link these machines together? Was there even AppleTalk compatible software that would let

you have a mixed network of Apple and Atari computers?"

Greg Goodwin tells Andy:

"Not really. The serial network port is simply a serial port, and AppleTalk was never written for the Atari. That said, you can use the port under STing (so I've heard) to set up a network of sorts."

Andy replies:

"I suspected that AppleTalk might never have been ported. I wonder what sort of serial port it is though? I get the impression it might be an RS-422 port like that traditionally on the Macintosh. Perhaps it's RS-485 though."

I'm guessing it's a serial port with 'multi-drop' support then (several computers hanging off the same wire). Or is some kind of external adaptor needed?"

Greg replies:

"It is RS-422."

I don't know what 'multi-drop' means, so I can't help there. No external adapter is needed as far as I know. In fact, I've occasionally run a Macintosh external modem off that port. Just plug and play!"

Dan Ackerman tells Greg:

"I think what he is talking about is with the LocalTalk adaptors. These are little boxes on the mac that plug into this port and then you run phone line between the boxes. Similar in principal to running a Coax network as far as wiring goes. Terminators on the ends and all in one chain etc. I have some of these boxes but have never got them experimented with. Main reason being how this port shares the fast serial port so it's an either or proposition. I'm sure I'll get around to it some day when there are 5 other people left using these boxes."

Franck Martinaux asks about MagicPC video:

"Is it possible to get more than 256 colors on MagiC PC 6.1? And how do you get TrueColor mode, if it is?"

Freek Munniksma tells Franck:

"You probably need NVDI 5 for that. Speeds up video as well. Highly recommended."

Shiuming Lai adds:

"Yes, it will use whatever video modes your PC's graphics card can support. Select "New" in the video mode selection and create a new display mode."

Derryck Croker adds his thoughts to the mix:

"[Get] NVDI 5 as already suggested."

[To get TrueColor] You enter the resolution and colour depth you want

into the "Change Resolution" dialog box, it's that easy!"

Mark Friedman asks for help with his new Falcon:

"I've just got a Falcon from 1993, with Tos 4.02. I know that the last tos for Falcons was 4.04. Can I update my TOS without buying the chips. Is there a big advantage to TOS 4.4?"

I really want to use Cubase or other HD recording programs on this Falcon, I don't know if the TOS makes a difference in this respect."

Claes Holmerup tells Mark:

"There is the advantage that you won't trash the FAT of your D:-partition when you fill up C:. An old bug that I believe wasn't corrected until 4.04 - so an update makes life a little easier..."

Jonathan Tranter asks about using a PC mouse on his Falcon:

"I'm having a problem using a serial mouse with my Falcon using Genmouse. I've tried three different mice: the Microsoft one just flies around the screen randomly (at any speed setting) and activates the left button occasionally, the second mouse sort of does the same but slower, and the third one does nothing. Changing the mode through Genmouse from MS to Logitech seems to make no difference.

Has anybody else had this trouble and come up with a solution, or are there any other similar programs that I could try?"

Dan Ackerman tells Jonathan:

"There is an older program called serial mouse at the umich archive. I've had great success with it on my STBook. The one problem I've had with it is some games didn't recognize that it was there."

Edward Baiz adds his thoughts:

"You should do what I did. Get Mario Becroft's Serial Mouse Adapter. I have one that I use with my Hades and I use a Logitech Mouse. Get more information at: <http://gem.win.co.nz> "

Lyndon Amsdon asks Edward:

"I know I've been through this before, but what model is that and does it come with a PS2 connector with an adaptor for PS2 to serial?"

Edward answers Lyndon:

"What model is what, the adapter?? There is only one adapter. He used to have two kinds, but now only sells one kind. No, the adapter does not come with a PS2 to Serial adapter. However, the Logitech mouse had one included and that is what I am using to get it to work with the adapter. Oh, where you talking about what model the mouse was?? If so, the Logitech is model # MCV46 and is a MouseMan."

Mark Friedman asks for help with his TT's clock:

"My TT has started to give me the wrong date and time. Can anyone tell me where the date and time are coming from. Is there a timer on

the hard drive, or is there an internal clock on the computer itself?  
Perhaps there is a small battery that needs replacing?"

Dan Ackerman tells Mark:

"There is a small battery behind the internal hard drive. You can replace it with a mac battery but you will need to make a new holder for it. I bought a AA battery holder and cut the middle out and taped it up, then spliced the end wires to the original batteries cable. First one ran for 3 years. Should really be better, but then again it was a radio shack battery."

Steve Sweet adds:

"It's probably the internal battery pushing up daisies, but there's another possibility, do you have an external Hard drive and does it have an ICD adaptor. Its time for the batteries on these to die, they are all quite old now."

'Mark' asks about playing DOOM on his Atari:

"I have found the site with the Atari conversions of Doom, Heretic, etc but I can't get the thing to work. I get 2 bombs no matter what I try.

I am trying it on a TT with 4MB ST RAM and 14MB FastRAM, I have tried it in all colour resolutions, in both TOS and Magic 6.

When running the GTP program I have put in;

```
nothing
doom1.wad
-file doom1.wad
```

And a few others (xbios modes, etc)

Anyone have any ideas?"

'Mirko' asks Mark:

"Can you please post the URL of the site with the conversions?"

Mark Bedingfield tells Mirko:

"try, [http://www.multimania.com/pmandin/index\\_e.html](http://www.multimania.com/pmandin/index_e.html), works fine on all my Falcon's. Very slow on a stock one. I hope one day Patrice will use the DSP as well."

Martin Byttebier tells Mark:

"First you need to READ THE MANUAL. It's all explained  
On my Hades is use this in the parameter box:

```
-zoomscreen -video vdi "
```

Well folks, that's it for this time around. Tune in again next week, same time, same station, and be ready to listen to what they are saying when...

PEOPLE ARE TALKING

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->In This Week's Gaming Section - Songbird & Lynx Update! VeriCon!  
    " " " " " " " " " " " " " " " " " " " " " " " " " " " " " "  
                                Xbox Unveiled At CES! Is It Doomed?  
                                RC Revenge! And more!
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->A-ONE's Game Console Industry News - The Latest Gaming News!  
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# Microsoft Unveils Xbox Video System

After years of development, Microsoft unveiled its highly anticipated Xbox gaming console Saturday, promising three times the graphics performance of its rivals and enough power to create real-time shadows, facial emotions and images previously only seen in movies like ``Toy Story."

The demonstration brought whistles from the standing-room-only crowd at the annual Consumer Electronics Show, where in past years Americans were introduced to the VCR and the DVD player.

In an Xbox game called Malice, displayed on a jumbo screen for the crowd, a little red-haired girl named Alice moved around to squash 3-D-like insects, with her shadow following her and glare reflecting off her eyes.

"There's a revolution about to take place in game consoles," said Microsoft chairman Bill Gates, the show's keynote speaker.

He said the Xbox, due out in the fall, would liberate game developers from performance constraints they now face in other devices, putting "the power in the hands of the artist."

The sleek black machine, bearing a big lime-green Xbox logo, is Microsoft's first foray into the gaming arena currently occupied by Sony Corp., Nintendo and Sega.

Sony, which recently released its PlayStation 2, leads the pack with more than 75 million of its PlayStation machines sold worldwide, according to the Gartner Group research firm. More than a quarter of American households have a PlayStation, compared to Nintendo's 14 percent penetration and Sega's 6 percent.

"Sony has a pretty loyal group, so Microsoft has its work cut out for it," said Gartner senior analyst P.J. McNealy.

The Xbox is part of larger campaign by Redmond, Wash.-based Microsoft to develop peripheral products and programs that will make the personal

computer a central media unit for households.

Gates also demonstrated a sort of clock radio that can play weather, traffic, news and music from the Internet by means of a wireless connection to a PC; a compact flash memory disc loaded with compressed music that can be used with a PC, portable players or home stereo system; and a personal digital assistant that can use voice recognition technology to receive commands and data - then automatically organize and store the data in the correct files.

But the Xbox stole the limelight.

The Xbox features four ports for game controllers, a DVD tray, and an Ethernet port for Internet access, allowing users to download new versions of software or games. It also has a built-in "rumble" feature that makes the game controller vibrate in a player's hands to simulate the action in a game.

Microsoft claims its 64 megabytes of memory, an Intel 733-megahertz processor and an 8-gigabyte hard drive, make it the most powerful of any gaming console.

"We're looking forward to having a formidable competitor in them," said Molly Smith, a spokeswoman for Sony Computer Entertainment America. "Sony means entertainment, but Microsoft doesn't have that coming into the console business. So it definitely will be an exciting year for games."

#### Time Is Xbox's Opponent

If bookmakers in Las Vegas are taking bets on Microsoft's entry into the \$10 billion videogame business, Bill Gates did nothing to change his odds.

Microsoft's chairman had the requisite celebrity--wrestling star The Rock--to help him introduce Xbox on Saturday. The machine looks good enough. The controls are comfortable. The Redmond, Wash.-based company announced promises from a few more game developers.

But Microsoft's chances of delivering a winning game package by next Christmas are still slightly worse than even. We know what Xbox will look like, but we still don't know what its games will look like.

The software company may be able to throw all the parts of a stunning machine into a box by next fall, but giving its developers enough time to take advantage of them is another matter. It probably won't happen.

What Gates demonstrated at the Consumer Electronics Show on Saturday was only an approximation of the final console, and not a very dazzling one at that. He has talked up the "incredible graphics capabilities" of Xbox, despite the fact that the machine's 250 megahertz graphics chip, which it is designing with NVidia, won't be finished until late spring.

Gates has also told his staff not to let Xbox out the door until it has at least three times the graphics performance as competing machines. No matter how players interpret that, even Microsoft executives admit it doesn't apply to the two game snippets they're showing off now.

Both demonstration games (Malice by Argonaut Games and Microsoft's

OddWorld: Munch's Oddyssey) are titles that were originally developed for the Sony PlayStation 2, but supposedly aborted because their developers didn't think PlayStation was machine enough for them. Even on a demonstration machine with 64 megabytes of memory and an 8 gigabyte hard disk, the games don't look as good as either Sega or Sony's current offerings.

The Xbox games will get better, of course. Even if Microsoft doesn't pair up with Sega (which should do a major deal with either Microsoft or Nintendo by year's end) the machine is living up to its promise as "an easy coder" for developers. And there's no denying the inherent promise of a videogame console with a hard drive--the detail and remembered touches from game to game, like tire skids that remain on a racetrack, could be lovely.

The problem is that they probably won't get good enough, quickly enough. Microsoft absolutely has to deliver the game console by fall, so it will have to ship with mostly promises. If it doesn't, Sony will own game hardware sales for the next holiday season, and capture even more of the software licensing revenue that makes the console business worthwhile.

Microsoft has acquired several small software developers, and it has deals with the big independent gamemakers like Activision and Electronic Arts. But six to 12 months to develop isn't much time; Sega's Shenmue took four years.

Microsoft's best bet is to price Xbox low for its parts; it will probably sell it below Sony's current \$300 for PlayStation 2. Although the company estimates that Sony loses between \$125 and \$175 on each PlayStation 2, it thinks its own hardware costs will be lower than Sony's were at first, even with more memory, a slightly faster central processing unit and graphics processor, and the hard drive.

"Our cost to produce Xbox will be significantly lower than Sony's, since the components are off-the-shelf...but their costs may drop off more rapidly than ours," says Robbie Bach, Microsoft's chief Xbox officer and a senior vice president.

So Microsoft will lose money on the hardware like any self-respecting videogame maker. Software revenue is nearly double the revenue for game hardware--one reason that Microsoft had hoped to persuade another company to bear the costs of the hardware.

With a \$500 million worldwide marketing budget and a sure-to-be-everywhere advertising campaign from McCann-Erickson, it won't be possible to ignore Xbox. And if anyone knows how to carpet-bomb America with underpriced products and recover money later, it's Microsoft.

But entering the games business for the first time is very different from giving away browsers. The product may not look or feel like a PC, unlike the disastrous Windows CE handheld software. But if Microsoft slides into other PC software habits (like tardiness, or expecting developers worldwide to instantly pledge their loyalty), it's doomed.

Sony lost some opportunity this holiday season, but it was doing battle with struggling Sega. Microsoft cannot be even two months late here.

Assembly lines for the complex components in a game console are unpredictable, and even Sony, the wizard of consumer electronics manufacturing, sacrificed millions in PlayStation 2 holiday sales because

of a production problem. Sony has not disclosed the exact reason that it was forced to cut shipments of PlayStation 2 this winter, but it probably resulted from lower-than-expected yields for a part called the emotion engine.

''There's a reason hardware starts with hard," says Robert Kotick, president of Activision in San Francisco. ''There are always unforeseen issues."

Activision has agreed to produce 12 titles for the Xbox, a few of which will be exclusive. Electronic Arts, the other big independent gamemaker, has committed to make ten Xbox games during its first ten months.

Microsoft was accused of besting its own record for arrogance when it first decided to enter the \$10 billion videogame business. But its assertion that it has learned from Sony's mistakes is the nerviest yet. On Dec. 22, the company announced, ''After analyzing the supply and logistics challenges faced by the gaming industry this holiday season, we decided to clarify our new manufacturing plans so that we successfully meet product demand."

The company is using Flextronics to manufacture the boxes in Mexico and Hungary. Microsoft has also decided to delay shipments in Europe to give it more time. The company stops short of saying that Sony's shipping problems were caused because it tried to produce too many parts internally, but not by much.

''We're trying really hard not to do things we're not qualified to do," says Microsoft's Bach. He admits he is ''humbled" by the task at hand.

The 1,000 people Microsoft has working on Xbox shouldn't plan on sleeping much until the Electronic Entertainment Expo in May. If Microsoft doesn't have some truly dazzling games by then, its Christmas will be over before it begins.

#### Acclaim Ships RC Revenge Pro for PlayStation 2

Acclaim Entertainment announced that its remote-control racer, RC Revenge Pro, shipped to national retail outlets for the PlayStation2 computer entertainment system.

RC Revenge Pro allows players the thrilling experience of high speed racing remote control cars and boats through all-new movie-themed worlds. Gamers can race against each other in multi-player mode around twilight villages, across desert islands, through lagoons, and over valleys. Drivers can eliminate competitors by assaulting them with weapons such as water balloons, oil slicks, and lightning bolts. The game features fully-animated environments, taking advantage of the graphic capabilities of the PlayStation 2. New vehicles are earned by completing challenge cup races which occur in diverse environments including Jungle, Horror, Sci-fi, Monster, and Cartoon Worlds and an exclusive Pirate World. The races take place on water-specific and hybrid tracks so that boats can now race against cars.

RC Revenge Pro boasts unique elements specifically designed to enhance game play. These include the special track editor, allowing the player to create their own racing tracks and save these custom tracks to a memory card. RC Revenge Pro also features a handbrake giving the player the ability to

Acclaim has also dedicated a website to RC Revenge Pro in order to provide additional information, artwork, and movies for the game. This site is accessed at: <http://www.acclaim.com/games/rcrevengepro/index.html>.

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->A-ONE Gaming Online      -      Online Users Growl & Purr!
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VeriCon is the first SF/gaming convention at Harvard, put on by the Harvard-Radcliffe Science Fiction Association. It's January 26-28, here in Cambridge, and it should be tons of fun! Check out the web page for the current schedule, or look below for highlights. 7:->>

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- \* A slew of amazing guests, including James Ernest, Margaret Weis, and Pete Abrams!
- \* An official Quake III Arena tournament, sponsored by Trinarc!
- \* Full-size projection viewing rooms--no TV screens here
- \* The Gaming Olympics! A chance to go for the gold, and show just how good you are.
- \* Filk! MASS F.I.L.C will be coming; and singing, of course.
- \* Some of the coolest LARPS you've never played...
  - Revolutionary Girl Utena
  - Battle Beyond Infinity!!!
  - The Last Voyage of the Marie Celeste
- \* And, of course, all the random fun and games that comes from plunking dozens of sci-fi fans and gamers in the same place.

"Convinced? Then get moving and register before prices go up! Also, if you want to help publicize VeriCon (or just look at some cool pictures and

images), take a look at our new publicity page--it's got printable posters, forms, banners, buttons, and more! "VeriCon's going to be some great fun. Sign up, tell your friends, and we'll see you at the end of January!" -- Thomas Lotze

#### New Events!:

\*There will be a Quake III Arena tournament at VeriCon! Trinarc will sponsor the tournament, including bringing in and setting up the computers, with actual prizes! The catch is that we only have 64 spaces, so people will have to pre-register for the tournament. So if you know someone interested, encourage them to come and sign up quick!  
(<http://www.vericon.org/qsSignup.html>)

\*Intercon A is running a LARP, Battle Beyond Infinity!!! at VeriCon, to promote their con--essentially, an alien race has decided to see who the strongest person is, plucking famous heroes from throughout history and having them fight...unfortunately, they're not so up on their Earth history, so instead of getting Gilgamesh, for example, they get Gilligan...

\*MASS FILC will be coming (and singing), which should be quite strange and quite fun. 7:-)>

#### Registration Info!:

\*The Harvard Box Office will accept credit card and phone orders for VeriCon. [(617) 496-2222]. One small caveat, though--there's a \$3 surcharge on phone orders, so people should be aware that they'd be paying \$3 extra for the convenience of ordering over the phone.

\*The deadline for pre-registration (any registration after this will be charged full admission) will be Friday, January 12th (two weeks before the Con), so make sure to register before then!

-- VeriCon is coming... -- [www.vericon.org](http://www.vericon.org) -- January 26-28, 2001 --

#### Lynx Distant Lands Preview

Due to popular request, I have uploaded a preview of the upcoming overhead fantasy RPG for the Atari Lynx on the Songbird homepage. I know ever since the announcement of the "Guardians: Storms Over Doria" game many years ago, Atari fans have been anxious for this genre to make an appearance on the Lynx.

Chris Vick is the lead programmer, and the demos he's turned in so far have been spectacular. Watch this space and the Songbird pages for progress reports on this game!

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Carl Forhan  
Songbird Productions  
<http://songbird.atari.net>

A-ONE's Headline News  
The Latest in Computer Technology News  
Compiled by: Dana P. Jacobson

AOL Time Warner Is a Done Deal

Executives from the newly combined AOL Time Warner Inc. rang Friday's opening bell at the New York Stock Exchange, beamed before TV cameras and unveiled a new sign installed overnight at their corporate headquarters.

But champagne-popping aside, there's no escaping the fact that the merger that closed on Jan. 11, 2001, faces a much different world than when it was announced on Jan. 10, 2000.

As executives waited for federal approval, a stock slump shrank the value of the deal from \$165 billion to \$106 billion. Slower ad growth threatens several core businesses. Expectations have been scaled back for how quickly new services such as interactive TV will be introduced.

Nonetheless, industry experts remain convinced that the driving premise behind the merger - combining the Internet with traditional media - is still a sound business idea. A behemoth the size of AOL Time Warner is best positioned to take a leading role in bringing together the worlds of old and new media.

Consumers are likely to see the first effects of the merger as the company brings more of Time Warner's media properties online. AOL's sports sites can draw on articles and pictures from Sports Illustrated; AOL's music sites will have access to the Warner Bros. music library; and news sites can draw on stories from Time magazine and CNN.

Christopher Dixon, media analyst at UBS Warburg, said the real challenge for AOL Time Warner lies in creating new ways of packaging and delivering media online that will entice consumers and the advertisers who want to reach them.

The company's goal will be to "develop new businesses that we can only begin to think about," such as delivery systems for music, video and TV programming over high-speed wires, Dixon said.

"If they can come up with a new way to deliver music in a very convenient method, it will be like introducing Windows and Lotus 1-2-3 to a world that only knew DOS and VisiCalc," he said.

The company has promised to develop such services but has not yet announced specific plans.

Chief executive Jerry Levin said in an interview that one project being developed is a video subscription service in which viewers could pick out programs - such as HBO shows "The Sopranos" and "Sex and the City" - to view when they want.

Once in place, that kind of delivery model could be applied to other forms of media. The idea is to exploit AOL Time Warner's relationships with

millions of customers who use subscription-based services such as AOL, magazines and cable TV.

"This is a company that will be subscription-based," Levin said.

Yet even while it looks to the media of the future, AOL Time Warner has some hard business realities to deal with.

CNN, whose ratings have been sinking, is expected to announce hundreds of layoffs next week; the struggling WCW wrestling unit was sold off this week; and last month, Time Warner said that poor box office and music sales would drag down its yearly results.

A profit warning last month caught investors by surprise, and they punished the company's stock. While the shares have since recovered, the new management team is going to have to work hard to convince investors that it can still deliver big profit gains.

Jessica Reif Cohen, an influential media analyst at Merrill Lynch, warned investors in a note this week that the company faced a "sluggish" fourth quarter due to slowdowns in its movie and music businesses and slower advertising. She also said "confidence in the combined management team has been damaged" by the profit warning.

The company is expected to detail how it expects to achieve savings and make more money as a result of the merger at the end of the month.

Until then, many analysts are willing to give the new team time. "Given what they're planning to do, I'm willing to listen," Dixon said.

#### States Intend to Pursue Microsoft if Bush Does Not

State attorneys general say they are determined to pursue the antitrust case against Microsoft Corp., even if the Justice Department, under incoming President George W. Bush, tries to back away.

Microsoft is appealing a trial court ruling that it abused its monopoly power and should be split in two to prevent further antitrust violations. The U.S. Court of Appeals will hear oral arguments in February after top posts in the Justice Department are filled by Republican appointees.

A top economic adviser to Bush has criticized antitrust enforcement under President Clinton, but opposition to dropping the case from the states and some in Congress would make it difficult to reverse course.

"We hope and assume that the Bush administration would fully pursue the Microsoft case through all stages, including the Supreme Court, if that's necessary," said Iowa Attorney General Tom Miller, leader of the 19 states that are co-plaintiffs in the case with the federal government. "However, if for some reason they don't, we have made a commitment to pursue this case to the end."

The Clinton administration's last hurrah will come on Friday, when it files a 150-page brief with the appeals court ahead of oral arguments on Feb. 27 and 28.

Until now, lawyer David Boies has argued the case for the Justice

Department. He is unlikely to continue in that role. Boies argued for Vice President Al Gore before the U.S. Supreme Court and lost a 5-4 decision that propelled Bush to the presidency.

Even before that, the Bush camp had few kind things to say about Justice Department antitrust policy.

Bush's recently appointed assistant for economic affairs, Lawrence Lindsey, said six months ago that the Clinton antitrust policy was "radical" and needed change.

Lindsey said at the Republican Convention in August that a Bush administration would have "greater sensitivity" to "respecting the private sector and respecting the need for innovation and profitability long-term," specifically mentioning Microsoft.

The states have a new obligation in light of such remarks, said one of the leading state attorneys general in the case.

"I think the lead order has now shifted hands and the states have it," Connecticut Attorney General Richard Blumenthal said.

If the administration tries a new tack, it may also face resistance on Capitol Hill.

Orrin Hatch, the Utah Republican who chairs the Senate Judiciary Committee, gave strong backing to the former assistant attorney general for antitrust, Joel Klein, when he decided to take the Microsoft case to trial.

The Judiciary Committee must approve Klein's permanent successor, and the administration is expected to consult with Hatch before proposing a name for him to review.

The administration could try to short-circuit matters by settling the case before the appeals court rules, but Bill Baer, an antitrust lawyer with Washington-based law firm Arnold & Porter, said that it was "unlikely that a Bush administration would pull down the appeals process."

Microsoft may find itself in a better negotiating position once the court rules. In 1998, the Court of Appeals ruled for Microsoft in a related Justice Department matter.

The appeals court may not entirely throw out the lower court ruling but could dump the order to break Microsoft up.

"Given the Court of Appeals' history, it is likely to be skeptical about accepting a breakup as the proper remedy," said Steve Sunshine of "global law firm" Shearman & Sterling.

If the court agrees that Microsoft violated the law, he said, "the question becomes what to do about it." That would most likely be the time for settlement talks, but the states are concerned about the terms.

Iowa's Miller said there would have to be substantial change in the way Microsoft used its monopoly in the marketplace for the states to agree to a settlement.

"If there is something less than that, we are committed to pursue the litigation," Miller said.

Some analysts have speculated that Microsoft might try to reach an agreement that would remove any remaining legal liability. But an expert says that will not happen.

"The parties have no power to vacate a court decision," said Andy Gavil, a professor of law at Howard University. He said the government could ask the court to reverse the finding of liability as a condition of a settlement, "but it's pretty unimaginable."

Thomas Penfield Jackson, the trial judge, found in June that Microsoft illegally used monopoly power in the market for personal computer operating systems to exclude competitors, in effect placing an "oppressive thumb on the scale of competitive fortune."

Jackson, who has granted media interviews on the case on several occasions, was quoted as saying in the Jan. 15 issue of The New Yorker, released on Sunday, that company Chairman Bill Gates "has a Napoleonic concept of himself and his company, an arrogance that derives from power and unalloyed success, with no leavening hard experience, no reverses."

The magazine quoted Jackson as saying about Microsoft executives, "They don't act like grown-ups!"

Microsoft, in appealing Jackson's ruling, has pointed out that it considers his remarks to reporters inappropriate.

#### U.S., States Want Microsoft Split Order Upheld

The Justice Department and states that brought the Microsoft Corp. antitrust case urged an appeals court on Friday to uphold findings that the software powerhouse broke the law and should be split in two to prevent future violations.

In the U.S. Court of Appeals filing, the government said the Microsoft matter was "a classic case of monopolization" in which market dominance was used to sustain or extend that power.

"The district court acted properly in imposing the structural and conduct remedy for Microsoft's wide-ranging course of illegal actions," said part of the 150-page brief.

District Court Judge Thomas Penfield Jackson found that Microsoft holds monopoly power in the market for personal computer operating systems with its Windows product and illegally used that power, including integrating its Web-browser into Windows to combat Netscape.

On June 7, Jackson ordered that the company be broken up to prevent future antitrust violations and set other remedies, all of which he suspended pending appeal.

Microsoft told the appeals court in November that the trial court proceeding was "infected with error" and described the breakup order as radical relief.

But the government said the breakup and various conduct remedies were designed to end unlawful conduct and prevent its recurrence.

'The structural relief wisely relies on ordinary market incentives, rather than long-term judicial oversight..." the filing said.

'We continue to believe our decision to integrate browsing technology into the operating system is pro-competitive and good for consumers," said Microsoft spokesman Vivek Varma.

The company had a partial victory over a collection of private suits arising from the main case when a federal judge in Baltimore late on Friday dismissed 38 claims for monetary damages.

The government had wanted the Supreme Court to directly hear the company's appeal, but the high court sided with Microsoft and sent the case to the lower appellate court, which ruled for the company in a related case in 1998.

Microsoft has drawn the appeals court's attention to Judge Jackson's many comments on the case both during and after the trial as sufficient grounds to vacate the judgement.

Jackson may also have offended the judges on the appeals court with remarks about his 1998 reversal quoted in a recently released book about the trial by New Yorker magazine writer Ken Auletta.

'...(T)hey went ahead and made up about 90 percent of the facts on their own," Jackson is quoted as telling Auletta.

But the Department of Justice, 19 states and the District of Columbia that brought the case said Microsoft could not establish any prejudice from the out-of-court statements.

'Those statement provide no grounds for inferring bias or partiality, nor establish a basis for setting aside the judgement or removing him from subsequent proceedings," they said.

Friday's filing could be the final word for senior Justice Department antitrust officials, who will likely be replaced by the incoming Republican administration of President-elect George W. Bush before oral arguments scheduled to take place Feb. 26-27.

The states have said they are prepared to carry the case forward on their own should the Bush administration try to back away.

The State Attorneys General on Friday named John Roberts of Hogan & Hartson, formerly with the Solicitor General's office, and Harry First in the New York State Attorney General's office, to argue their case next month.

In other developments Friday, an industry trade group representing rivals of Microsoft said it had hired former Whitewater prosecutor Kenneth Starr to help support the government.

Starr, whose credentials include a stint on the U.S. Court of Appeals that is hearing the case, has been engaged by Procomp, an organization that includes AOL Time Warner, Sun Microsystems Inc. and Oracle Corp. .

Starr, who probed President Clinton's investment in a failed Arkansas land deal called Whitewater, is best known for his pursuit of Clinton's affair with White House intern Monica Lewinsky. He stepped down as Whitewater prosecutor in 1999.

## Judge Dismisses Antitrust Cases Vs Microsoft

A federal judge handed Microsoft a partial victory against its legal adversaries on Friday by dismissing 38 cases accusing the software giant of overcharging on its Windows operating system.

U.S. District Judge J. Frederick Motz dismissed the private antitrust lawsuits mainly because the plaintiffs had not purchased Windows directly from Microsoft, but from personal computer makers such as Compaq Computer Corp. and Dell Computer Corp.

The judge based his ruling on a legal precedent set down in a 1977 U.S. Supreme Court ruling which restricts damage claims against "antitrust violators" by parties who are not direct customers of the defendant.

"We are very pleased," said Microsoft spokesman Jim Cullinan. "We believe these lawsuits were not brought on behalf of consumers but rather by a few plaintiffs' attorneys going after a successful company. We think it's clear Microsoft's actions have benefited consumers."

The 38 cases were among 61 antitrust suits against Microsoft that have been consolidated in Motz's court. More than 130 civil antitrust cases have been filed against the software maker.

A plaintiffs' attorney said the ruling would be appealed to the 4th U.S. Circuit Court of Appeals in Richmond, Virginia. Microsoft had no immediate comment on the ruling.

## Europe Tries To Take On Spammers

Having won the fight against telemarketers, European lawmakers turned their sights Wednesday on one of the banes of the new media age: spam.

But at the first public hearing to increase Internet privacy by, among other things, banning the sending of unsolicited e-mails, the European Union commissioner charged with "information society" initiatives conceded that the Web's global nature made a crackdown difficult.

"Questions of law enforcement still need to be addressed," Commissioner Erkki Liikanen said.

The European proposal would extend the strict privacy protections adopted in 1997 against unsolicited phone calls to e-mail, advertisements sent to mobile phones or any other form of "electronic communications."

Companies would not be allowed to send mass-mailings to an e-mail account unless that person had agreed in advance to receive them - a so-called "opt-in" system.

That would relieve consumers of the burden of having to notify often ethereal senders to stop sending spam - the "opt-out" method, which is often used now.

Liikanen, who said his own e-mail inbox is often stuffed with spam,

experimented over the Christmas holidays with trying to get off the mailing lists of six companies, only to find "it's not that simple.

"You have to find the form, someone to write to," he said. "I think the arguments in favor of the opt-in system are stronger."

The United States has adopted regulations regarding data protection in limited areas such as financial services and medical information. But generally, it leans more toward self-regulation by industry in such areas than Europe, where many countries have entire agencies set up just to enforce data protection laws.

U.S. Assistant Secretary of Commerce Gregory Rohde said there are still unresolved questions about adopting a blanket ban on spam.

For example, systems are being developed in the United States to provide public safety warnings by e-mail about severe weather approaching or chemical spills.

"Now the directive says there'll be an exemption for emergency services, but how does that work?" asked Rhode, the Clinton administration's main adviser on telecommunications and information systems issues. "There's a lot of ambiguity."

The difficulties in resolving such issues were evident in a separate EU-U.S. privacy program known as "Safe Harbor," which is meant to ensure U.S. firms could do business in Europe without breaking any of the continent's stricter data protection laws.

After years of negotiation, it took effect Nov. 1, but only a dozen U.S. companies have signed up, with others reportedly still unsure about the legal implications.

#### Apple Sets March Release for New Operating System

Apple Computer Inc. will release its new operating system on March 24 and bundle the software with computers starting in July, chief executive Steve Jobs said on Tuesday.

The company also unveiled new multimedia applications that promise to allow Apple users to better manage music collections and create their own digital video discs (DVDs), part of a strategy of making its computers "the digital hub" of increasingly networked households.

Jobs, speaking at the Macworld exposition here, said the new operating system OS X would be both more powerful and easier to use, with improvements in the treatment of menus, toolbars and user preferences.

"We think we've got something really, really good here," said Jobs, saying that 350 software developers have pledged to work with Apple to develop applications tailored to OS X.

The company also announced that an ultrathin, lightweight laptop, the PowerBookG4, was in production now and would be on sale by the end of January.

The PowerBookG4 weighs in at just over five pounds, features a 15.2 inch

screen, a built-in DVD player and is encased in titanium, ``like the spy planes," joked Jobs, who called the offering ``the most revolutionary portable ever created."

Jobs said that ``hundreds" of the new applications would be released for its new operating system this spring, but added "the avalanche (of releases) is going to be this summer," just as Apple begins to bundle the new operating system as its default standard.

Some analysts have questioned whether Apple can stay the course on its own given the way recent product releases have fizzled and the way other personal computer makers have branched out into high-end servers and Internet appliances.

But Jobs, who has made the Macworld show his preferred forum for unveiling strategy and new products, said Apple is positioned to take advantage of the personal computer's evolution into the hub for digital households.

``We don't think the PC is dying at all. We think it's evolving," he said, adding that the computer would become ``the digital hub" of the home connecting products ranging from camcorders to stereos to Internet appliances.

Jobs also used the Macworld stage to unveil a new, free application called ``iTunes" that he said would make it easier for Apple users to download and write music CDs, organize a personal library of music and transfer music to digital MP3 players.

``There is a music revolution happening now," said Jobs. "We're late to this party and we're about to do a leapfrog."

Jobs announced that PowerMac G4s equipped with the new SuperDrive that can read and write both CDs and DVDs would come bundled with a new multimedia tool, iDVD.

Apple said the software, which goes on sale separately for just under \$1,000, would allow users to create and edit DVDs which could be played back on consumer players.

#### Microsoft to Make Office for New Apple System

Microsoft pledged on Wednesday to make a version of its popular Office business software for Apple Computer Corp.'s new operating system, giving a big boost to the new software as Apple struggles with lackluster sales.

Office for Apple's Macintosh OS X operating system would be available this fall, Kevin Browne, general manager of Microsoft's Macintosh unit, told an audience at the Macworld Expo in San Francisco.

``Microsoft loves OS X, at least our division does. Other divisions might be sweating a bit," Browne said, in a joking reference to Microsoft's Windows operating system that competes with Apple products.

Office includes applications such as the Word document creator, Excel spreadsheet and PowerPoint presentation software. It is Microsoft's second-biggest profit generator, after Windows, and is deemed crucial to the survival of Apple's machines because there are few popular

alternatives.

''Microsoft is really critical to Apple building a fire behind this. Apple couldn't do this without Microsoft," said Rob Enderle, an analyst with the Giga Information Group, a technology consultancy.

Browne's comments marked the first time that Redmond, Wash.-based Microsoft has promised to support the new Apple system, which is a drastic departure from its earlier software.

Unveiled for release in March by Apple Chief Executive Steve Jobs on Tuesday, OS X, pronounced ''OS ten", will be the next-generation platform that the company hopes will help it recover from projected financial losses this quarter and set the stage for a decade of fresh software development.

Office 2001, the current version for Macintosh systems, would run on OS X in the so-called ''classic" environment that enables older programs to work with the new system, Browne said. Office 2001 has sold about 250,000 copies since it hit shelves in October, topping Microsoft's expectations.

But the upcoming version of Office would be written specifically for OS X, Browne said.

''This (OS X) is going to give us both the requirement and the opportunity to rework our applications so they work much, much better," Browne said.

Browne said several times that Microsoft was ''committed" to supporting Apple, apparently trying to lay to rest fears that the software giant would back away, a move that analysts said could sink its smaller rival.

''We are spending money in a huge way ... please set out of your mind the question of whether or not we are committed," Browne said.

Apple and Microsoft have competed since the early 1980s, when Jobs and Microsoft co-founder Bill Gates went head-to-head for control of the budding personal computer market.

By the mid-1990s, however, Windows had locked up an estimated 90 percent market share in PC operating systems as Apple teetered on the verge of collapse.

At the 1997 Macworld, in a scene that outraged many Mac enthusiasts and became legendary in the industry, Jobs stood under a looming video screen showing Gates, who announced that Microsoft would invest \$150 million in Apple.

But Gates also pledged to continue cranking out Macintosh software, a commitment that many analysts credited with helping to pull Apple back from the brink.

#### IBM Introduces Instant Online Translation

IBM on Monday unveiled a new software that instantly translates Web pages, office e-mail and online chat from English into a host of languages.

The IBM WebSphere Translation Server will allow Internet Service providers, corporations and other entities running their own servers to translate in

real time English communications into Spanish, German, French and Italian and from those languages back to English. It also can translate English into traditional Chinese, simplified Chinese, Japanese and Korean but does not have the reverse capability.

The words are translated at a rate of 500 per second and the software has the tools that enable subject-specific vocabulary, such as words used in finance or science, to be added.

"The demand is very simple," said Ozzie Osborne, general manager of IBM Voice Systems. "It's for people who want to translate quickly and easily, who can't get translation. Much of the content of the Web is in English, but population using the Web is becoming non-English speaking."

Osborne said the WebSphere translation server, which has been tested by businesses such as Deutsche Bank and will be available in March, will provide global entities with the ability to allow their workforce to communicate. It also will open up new markets for English language e-commerce sites.

The WebSphere Translation Server will be priced at about \$10,000 per processor.

"Machine translation allows for dynamic business content to be created at a fraction of the cost of professional translation services," Steve McClure, vice president, Speech and Natural Language Software, IDC, said in a statement. "At present, the machine translation industry consists mainly of small segmented players, with no clear leader. IBM's entry signifies a major turning point and will help validate and accelerate the adoption of machine translation, a software market projected to reach \$378 million by 2003."

#### Microsoft Debates Future of IE 6

Standalone product, or integrated? And integrated with what? The answers are far from clear regarding the next major IE update.

"Where do you want to go today?" may be a Microsoft catch phrase--but the company seems unsure about where it wants to go with Internet Explorer.

Not so long ago, Microsoft viewed its browser as being so key to its success that it went to court with the Department of Justice over the company's rights to bundle it with the Windows operating system. With Microsoft's marketing might behind it, and a price tag of free, Internet Explorer (IE) quickly grew to eclipse Netscape's Navigator as the No. 1 browser in market share.

Now, while Microsoft is continuing to add new features and functions to IE, there is much rethinking internally at the company about how and where to position the product, according to a variety of industry sources close to Microsoft.

That's in part because IE isn't Microsoft's only browser. There's also the more consumer-oriented MSN Explorer, launched last October. And on the drawing boards there is the more "knowledge-worker" kind of interface that Microsoft is designing into its stealth Netdocs product.

"MSN Explorer is being positioned as the premiere platform for the consumer. Netdocs is being positioned as the business platform with a business browser. So there's no room left for IE," said a source close to Microsoft. "It's being squeezed."

IE 6.0, the newest version of Microsoft's browser, still has yet to be released officially to beta. A technical preview of IE 6.0 went to a subset of testers who agreed to nondisclosure agreements last fall. And beta testers of Microsoft's next version of Windows, code-named Whistler, also are dabbling with technical preview IE builds that have been integrated into Whistler.

The first widespread beta of IE 6.0 will come out simultaneously with the release of Whistler beta 2, according to sources close to the company. IE 6.0 beta 1 will be embedded in Whistler beta 2, which is expected in February.

But as it looks right now, Microsoft isn't planning to release a standalone beta of IE 6.0. And it is uncertain whether or not Microsoft will make even the final IE 6.0 code available as a separate product that can be downloaded or installed by CD.

Instead, sources said, Microsoft is strongly considering making IE 6.0 only available as part of Whistler.

A Microsoft spokeswoman declined to talk about IE 6.0 in any way, saying it was "too early to talk about features or deliverables."

There are more clouds on IE's horizon.

Some at Microsoft are arguing that IE should not be the default interface for all of the flavors of Whistler that Microsoft is developing, according to sources.

Microsoft is thought to be developing 32-bit Personal, Professional, Server, Advanced Server and Datacenter versions of Whistler, plus 64-bit versions of Advanced Server and Datacenter. The Personal and Professional versions of Whistler are expected to ship before the end of 2001, with the others to follow in 2001 to 2002.

Some involved with Windows development are said to be advocating that MSN Explorer, instead of IE, be included as the integrated browser for the Personal release of Whistler, which is aimed at consumers, said sources. There is also a push by some to make the Netdocs interface the default on the business-oriented Professional Whistler flavor.

Netdocs, which is shaping up to be a competitor to Microsoft Office, is expected to be a single, integrated application that will include a full suite of functions, including e-mail, personal information management, document-authoring tools, digital-media management, and instant messaging. Microsoft is expected to make Netdocs available in the next year or two, only as a hosted service over the Internet, not as a shrink-wrapped application or software that's preloaded on the PC. The Netdocs interface is based on a piece of Microsoft .Net technology known as the "Universal Canvas."

But there could be pushback on these plans--at least on the MSN Explorer idea--by some of the more technical users. A number of these techies believe Microsoft has gone too far to make Windows palatable to new users.

"In some ways, Whistler Personal is the OS they should have come out with in 1995," said one tech-savvy Whistler tester, who requested anonymity." In this day and age, enough people are comfortable with their PC that these performance/productivity sapping 'improvements' are going to be seen as offensive. It's like the Office Paperclip team took over the Whistler Personal project!" The so-called Clippy feature was an animated help system reviled by many users.

One Whistler tester, who requested anonymity, said that with Whistler Personal beta build 2410, Microsoft added the MSN Explorer icon to the desktop, but left IE 6.0 as the default interface.

"Advanced users like me will just go to IE 6.0 cause we can't stand the MSN Explorer interface," said the tester. But "it's clear that Personal is being aimed at users like my mom who don't have a clue about computers and just want to get e-mail and do some simple tasks."

Currently, Microsoft markets IE as the browser for more computer-savvy users, and MSN Explorer as the interface for newer users. Microsoft currently offers IE as both an integrated element of its Windows Millennium Edition and Windows 2000 products, and as a standalone product. MSN Explorer is the front-end for Microsoft's MSN Internet service.

IE 6.0, according to the Windows enthusiast Web site ActiveWin, will include a number of user-interface enhancements, as well as compliance with several, critical W3C (World Wide Web Consortium) standards.

ActiveWin has cited technical beta testers as saying the next-generation browser will include built-in Explorer bars, such as the Media Bar, which will provide access to Windows Media Player as an integrated part of the browsing experience. It also will include a "My Pictures" area for viewing, saving and mailing photos over the Internet. Microsoft also is integrating new dynamic HTML features for content developers, as well as support for the Cascading Style Sheets, Level 1 (CSS1) and Document Object Model (DOM) Level 1 standards.

MSN Explorer, the most recent version of which Microsoft launched last fall, looks like a combination browser/portal. MSN Explorer integrates Hotmail, MSN Messenger, MSN Calendar, MSN eShop Windows Media Player and MoneyCentral into a single interface. MSN Explorer competes with America Online's AOL 6.0 product.

#### Are Internet Service Rebates Legit?

Q.: I was in a big electronics store recently and noticed a new flat-screen television for sale. A sales associate said I could get \$400 off the purchase price immediately if I signed up for three years of Internet access. What's going on?

A.: Many national electronics retailers are partnering with some of the better known Internet service providers, including Microsoft's MSN.com and America Online's CompuServe unit, to attract new customers by offering an immediate, tangible benefit - a discount.

While they're not giving away cold, hard cash, they are forgoing as much as \$400 in the hope you'll subscribe to their service for at least three years. They've been doing the same thing on computer sales for several

years.

Up front, it's a clever incentive. What was a \$500 32-inch stereo color television is now just \$100, excluding tax. But over the long haul, it will cost you more than \$400.

The Microsoft Network, for example, asks that you subscribe for 36 months at \$21.95 a month. After three years, that comes to \$790, or nearly 50 percent more than the price break. CompuServe offers a similar deal.

If 36 months is too long a commitment for you, there's the option of signing up for just 24 months and getting a \$200 rebate, or 12 months and getting a \$100 rebate. In both cases, again, the Web access costs more than what you save at the cash register.

Whether it's a good deal depends on your needs. You do pay less for pricey merchandise, but you'll be forking over the amount saved and more later. But with Internet access a necessity for a growing number of Americans, you're going to have to pay something each month anyway to get access, and MSN and CompuServe rates aren't out of line with other ISPs.

The use of the incentives is gaining ground with retailers across the United States.

Already chains like Best Buy, Circuit City, OfficeMax, RadioShack, Sears and Office Depot offer the deal. While there is no barometer of whether it helps boost sales at individual stores, the ISPs are getting more customers as a result.

MSN has seen its subscriber base grow by more than 1 million since November 1999 because of the promotion. MSN counts more than 3.5 million people as subscribers. Since CompuServe began offering rebates in July 1999 it has added more than 1.5 million new customers.

The programs don't tend limit themselves to just one type of product, either.

At a Best Buy in Staten Island, N.Y., recently, customers were buying big-screen TVs, high-end DVD players and even refrigerators and taking a \$400 price cut by signing up for MSN service.

The sign-up process is usually done right at the register, so if you do plan to get it, spend your time in line thinking of a clever username and password.

And if you decide you don't like the service, you can always cancel it, but it won't be cheap. MSN requires you to pay a termination fee equal to 70 percent of the monthly service fee multiplied by the number of remaining months left on the contract.

A first-month CompuServe cancellation will bring you a bill for the \$400 rebate, plus a \$50 cancellation fee. If you cancel later, the rebate will be prorated depending on how long you subscribed.

Yahoo! Will Allow Nazi Stamps, Coins

Internet powerhouse Yahoo! Inc. has removed thousands of hate items from

its online auctions, but will continue to permit sales of Nazi coins and stamps issued by Germany.

Brian Fitzgerald, Yahoo's senior auction producer, said computer software and Yahoo staff caught most of the items prohibited under a new ban. The procedures, he said, will be tweaked in the coming weeks and months.

"We always knew it's not going to be 100 percent foolproof," Fitzgerald said Thursday.

Ygal El Harrar, president of the Union of Jewish Students of France, estimated that the number of Nazi items dropped to 400 from 1,900 when the ban took effect at 3:01 a.m. Eastern.

Most of the Nazi items that remain are stamps, coins and bank notes issued before and during World War II. Because they were issued by the government, Fitzgerald said, they are permitted.

Yahoo also left alone sales of Adolf Hitler's "Mein Kampf" as an educational resource. Three copies were on sale as of midday Thursday.

A search for KKK turned up 15 items, down from 40 on Tuesday. The remaining items were generally books, videotapes and other references that mention the Ku Klux Klan.

The new ban covers items associated with promoting or glorifying Nazis, the Klan and other hate groups. It took effect as Yahoo also began imposing fees to list items for sale.

Yahoo officials insist the ban had nothing to do with a November court ruling from Paris requiring Yahoo to block French users from such auctions.

The company, based in Santa Clara, Calif., plans to continue challenging that ruling and has asked a federal judge in California to declare that France has no jurisdiction over content produced by an American business.

Nazi materials are banned in France and at least three other European countries. The Union of Jewish Students of France and the International League Against Racism and Anti-Semitism, or LICRA, filed the lawsuits in France.

### Hybris Virus: Sleeper Hit of 2001

The 3-month-old computer worm that uses encrypted plug-ins to update itself is showing unusual staying power. Experts say it could be the year's worst worm.

Hybris, a computer worm that uses encrypted plug-ins to update itself, could be the sleeper hit of 2001, anti-virus experts say.

"It's not a fast mailer or a mass mailer. It's slow and subtle," said Roger Thompson, technical director of malicious code research for security firm TruSecure. "(But) slow and steady wins the race."

The spread of most computer worms tends to spike quickly and just as quickly die out. But the 3-month-old Hybris worm shows no sign of dying anytime soon, Thompson said.

He compared the virus with Happy99.exe, also known as Win32/Ska, a malicious program that started spreading in January 1999 and remained a threat to the unwary for more than a year.

Like Happy99, the Hybris worm spreads by monitoring a PC's network connection for e-mail messages. When a message is detected, the worm will add the addresses found in the e-mail's header to a list. Later, Hybris selects destinations from the list to which it sends copies of itself.

Instead of the avalanche of e-mail messages created by viruses such as Melissa and LoveLetter, Hybris produces a steady trickle of virulent e-mail, making it less noticeable.

Another point in the worm's favor: It's written as a 32-bit Windows program, not in a scripting language as was LoveLetter or Melissa, said Vincent Gullotto, director of the anti-virus emergency research team at security firm Network Associates.

"It is a hard one to kill, like most Win32 infectors," he said. "Anything that uses Win32 infects the PC very quickly. It can infect hundreds of files in a matter of seconds."

Hybris's combination of slow spread and fast infection seems to have worked.

First detected in October 2000, the worm has remained on the top-10 list of worldwide infectors, according to statistics from Trend Micro's Worldwide Virus Tracking page. For the past week, the virus has been rated as the No. 4 most prevalent virus in the United States, as measured by the number of PCs infected, and No. 9 worldwide.

While Trend's statistics only take into account a small percentage of incidences worldwide, it is one of the few quantitative gauges of virus activity.

One factor that hasn't helped Hybris spread itself widely is its use of encrypted plug-ins, anti-virus experts said.

Like the Babylonia virus, LoveLetter, and MTX, the Hybris virus can access information across the Internet--in this case, from the alt.comp.virus Usenet group--and modify itself. That makes it different from the other viruses, said Nick FitzGerald, a New Zealand-based security consultant and virus researcher.

"Hybris changes shape by finding and incorporating different extensions into its code and mailing that new form to other potential victims," he said.

Typically, the anti-virus community would shut down the site that hosted such plug-ins, but because their own newsgroup is being used to publish the code, they can't shut it down without hurting their own ability to fight viruses.

Anti-virus experts believe the author of the virus is the same one who created the Babylonia virus, a concept virus that "phoned home" to a Japanese Web site known as the Source of Chaos and updated itself using files found on the site.

Known as Vecna, the author's name appeared in a copyright notice in

Hybris. Security firm Aladdin Knowledge Systems announced on Tuesday that they had proof that the virus had been created by the so-called VX-BRAZIL group. They claim that Vecna is a member of that group.

Hybris' ability to change how it works and its signature makes the worm potentially very dangerous.

Depending on which plug-ins it downloads, the worm could morph into a backdoor through a PC's security or into a malicious program that corrupts data. At present, at least eight plug-ins are known to exist.

"At some point, (the writer) could easily have control of a large number of PCs," said TruSecure's Thompson, who added that companies don't have much to worry about, as their network administrators usually update virus definitions often enough to keep up with any changes to Hybris.

Home computer users need to update their virus scanners frequently and treat e-mail attachments with suspicion, he said.

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